

Message Text

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44

ACTION NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 CEA-01

/108 W

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R 191200Z JUL 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 5345

INFO AMEMBASSY ABU DHABI

AMEMBASSY BONN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

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EO 11652: NA

TAGS: EFIN

SUBJECT: ARAB FUND FOR EGYPT AGREED

1. PROTOCOL CALLING FOR ESTABLISHMENT OF GULF ORGANIZATION
FOR DEVELOPMENT IN EGYPT (GODE) WAS INITIALED JULY 18 BY
REPRESENTATIVES OF FOUR DONOR NATIONS -- SAUDI ARABIA, KUWAIT,
UAE AND QATAR -- PLAV EGYPT. TWO THOUSAND MILLION DOLLAR
FUND REPORTEDLY WILL BE SUBSCRIBED 40 PERCENT BY SAUDIS,
30 PERCENT BY KUWAITIS AND 15 PERCENT EACH BY OTHER TWO DONARS.
PURPOSE OF DUND IS SAID TO BE FINANCING OF NEW DEVELOPMENT

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PROJECTS AND BALANCE OF PAYMENTS DEFICIT DURING PERIOD OF

1976-80 FIVE YEAR PLAN. GOE DELEGATION LEAVES FOR RIYADH
JULY 24 FOR FINAL NEGOTIATIONS; MINISTERS OF COUNTRIES CONCERNED
ARE SCHEDULED TO SIGN AGREEMENT AT CAIRO AUGUST 18.

2. FURTHER TO PURPOSES OF GODE, KUWAITI FINANCERMINISTER
ATEEQI IS QUOTED AS L

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G FOLLOWING ACTIVITIES INCLUDED UNDER
PROTOCOL; A) ESTABLISHMENT OF NEW FIRMS TO CARRY OUT INDUSTRIAL,
AGRICULTURAL, REAL ESTATE AND OTHER PROJECTS, IN ADDITION TO
MODERNIZING AND EXPANDING CURRENT PROJECTS; B) FINANCING
EGYPTIAN PARTICIPATION IN JOINT VENTURES; AND C) ARRANGING
CREDIT FACILITIES TO CONSOLIDATE BALANCE OF PAYMENTS REQUIREMENTS,
EITHER THROUGH GODE OR JOINTLY WITH OTHER FINANCIAL INSTITUTIONS.

3. COMMENT: IT IS THIS LAST ITEM, OF COURSE, WHICH IS OF PRIME
INTEREST TO EGYPT-- NOT FINANCING OF PROJECTS OR JOINT VENTURES.
GOE MINFIN ABU ISMAIL REPORTEDLY INDICATED TO ARAB ORGANIZERS
OF GODE THAT EGYPT'S UNFINANCED 1976 BALANCE OF PAYMENTS DEFICIT
STANDS AT LE500 MILLION(\$1,275 MILLION AT OFFICIAL FX RATE) AND
STRESSED NEED FOR ADDITIONAL FUNDS TO COVER THIS YEAR'S GAP.

4. SO FAR WE HAVE NOT HEARD AUTHORITATIVELY WHETHER OR NOT GOE
SEES RESULTS OF NEGOTIATIONS ON PROTOCOL AS SATISFACTORY. WE WILL
SOUND OUT ABU ISMAIL AND MINECON OFFICIALS ON THEIR VIEWS ASAP.
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